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September inflation report signals more attacks on US jobs and living standards

The annual inflation rate in the US for September registered 8.2 percent, according to the Consumer Price Index report published by the Department of Labor on Thursday. The September report showed that core inflation, excluding energy and food prices, increased to a four-decade high of 6.6 percent from a year earlier.

For the working class, this means that living standards are declining rapidly because prices are going up much faster than wages. According to a report published by the Labor Department last Friday, wages increased by just 5 percent.

Although the overall inflation rate was less than the 8.3 percent increase in August, the report said, “Increases in the shelter, food, and medical care indexes were the largest of many contributors to the monthly seasonally adjusted all items increase.”

While the data also showed “a 4.9 percent decline in the gasoline index,” the cost for natural gas rose by 2.9 percent and electricity increased by 0.4 percent. Other indexes that rose over the past month were shelter, medical care, motor vehicle insurance, new vehicles, household furnishings and operations, and education.

Among the most significant measures of the impact of inflation on the American working class is the food index, which increased by 0.8 percent in September. The report said, “The food at home index rose 0.7 percent in September as all six major grocery store food group indexes increased.” This included increases in fruits and vegetables, cereals and bakery products, meats, poultry, fish and eggs and dairy and related products.

The indexes that declined in September included used cars and trucks, apparel and communication prices which dropped by 1.1 percent, 0.3 percent and 0.1 percent respectively.

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Responding to the report, CNN said the key inflation measures showed that prices rose faster than expected in September and that economists “expressed disappointment in the report and what it said about the efforts to bring rising prices under control.”

The economists that CNN is referring to, of course, are those representing the interests of Wall Street and the US financial oligarchy. Yung-Yu Ma, chief investment strategist at BMO Wealth Management, for example, told CNN, “The trajectory of downward-trending inflation data is starting to feel like wishful thinking, as the data has been coming in choppy at best.”

The *Wall Street Journal* bluntly stated that the inflation report means that the drive by the Federal Reserve to instigate a recession by raising interest rates and attacking the jobs and wages of workers must continue. The Fed has raised its benchmark federal funds interest rate by .75 points at each of the last three meetings, bringing it to a total of between 3 percent and 3.25 percent.

With the latest inflation report, combined with what the financial elite considered an unacceptable unemployment report last Friday, the US central bank is widely expected to increase rates again by another .75 basis points for an unprecedented fourth time in a row at its upcoming meeting on November 2.

The *Journal's* Gwynn Guilford wrote, “The inflation report likely keeps the Federal Reserve on track to increase interest rates by 0.75 percentage point at its meeting next month,” and that the US central bank is “likely to raise rates to even higher levels early next year than previously anticipated by policy makers and investors.”

In other words, workers are being attacked from two sides: dramatic increases in the price of basic necessities like food are combined with employer attacks on jobs and wages driven by higher interest rates.

Joe Brusuelas, chief economist at RSM, told the *Washington Post*, “Read and weep. Talk about the Fed introducing the hard line. They may need to step up that hawkish rhetoric and follow through to at least 5 percent on the policy rate.”

MarketWatch spoke to Dallin Hatch of Salt Lake City, Utah about the impact of rising food prices on his family. Hatch and his wife, who have a 7-month-old son, said they now hesitate to buy certain items and have turned to cheaper grocers to cut down on costs.

The family used to buy fun drinks and other items such as specialty cheeses. With the impact of rising prices, they skip the drinks and mostly buy rice, pasta and bread. Hatch said, “When we do buy meat, it’s definitely frozen.” He also said, the “really healthy, super tasty frozen meals” that they used to buy “ended up becoming too much as well.”

The *Washington Post* also reported that the increasing food prices are impacting food banks. The Los Angeles Regional Food Bank said food costs are up about 20 percent, with staples such as chicken, turkey, pinto beans and rice all taking up a larger share of the organization's budget.

Chief executive Michael Flood said the food bank reached 800,000 people in LA in September, a level roughly consistent with the rest of the year. Flood said he routinely hears from families that “can barely scrape together a rent check, pay for medication or fill up a gas tank and have no choice but to skip out on food.”

“We thought 2022 would be a bit of a quieter year, with the employment situation improving so much compared to 2020 and 2021,” Flood continued. “But really, it's inflation that has kept this demand for food assistance at this really elevated level.”

On Thursday, US President Biden said “prices are still too high,” and, while he has been insisting that his administration is in the forefront of an unprecedented economic recovery, went on to say, “I don't think there will be a recession. If it is, it'll be a very slight recession.”

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